

City Council Work Session Industrial Pretreatment Program Financial Feasibility Study

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Agenda



- Review current sewer rate methodology
- Proposed sewer rate methodology based on strength of discharge
- Proposed sewer rate methodology for the Industrial customers (Fermentation Beverage Cluster)
- Review rate implications of recommendations on sewer customers
- Timeline
- Discussion

Current Sewer Rate Structure



- Current sewer rates are consumption-based; meaning all customers pay the same rate based on water consumption without regard to strength of discharge
 - ✓ Bimonthly base charge = \$45.09
 - ✓ Commodity charge (after first 4,000 gallons) = \$5.02 per 1,000 gallons

- Current Sewer Resolution 21-19
 - ✓ Customers producing higher concentration waste that the City is willing to accept shall pay rates described above plus any added costs of handling and treating the waste not covered by existing sewer charges.
 - ✓ To date, this additional charge has not been implemented by the City.

Proposed Sewer Rate Structure



- Propose sewer rates that are consumption-based strength of discharge rates.
- Propose creating new customer classes based on strength of discharge:
 - ✓ Residential
 - ✓ Commercial I – low strength
 - ✓ Commercial II – medium strength
 - ✓ Commercial III – high strength
 - ✓ Industrial
- New classes are based on industry standards
- This rate structure is used by other cities in Oregon such as Coos Bay, Corvallis, Eugene, Gresham, Molalla, Silverton, St. Helens, and Portland.

Commercial Customer Classes



Commercial I

- ✓ General retail and professional offices
- ✓ Barbershops and beauty shops
- ✓ Churches without food service/kitchen
- ✓ Grocery stores without meat cutting or bakery
- ✓ Hotels and motels without food service/kitchen
- ✓ Medical, dental, veterinary clinics, and pharmacies
- ✓ Schools without food service/kitchen



Commercial II

- ✓ Restaurants and taverns
- ✓ Hotels and motels with food service/kitchen
- ✓ Churches with food service/kitchen
- ✓ Hospitals
- ✓ Schools with food service/kitchen



Commercial III

- ✓ Bakeries
- ✓ Grocery stores with meat cutting and/or bakery



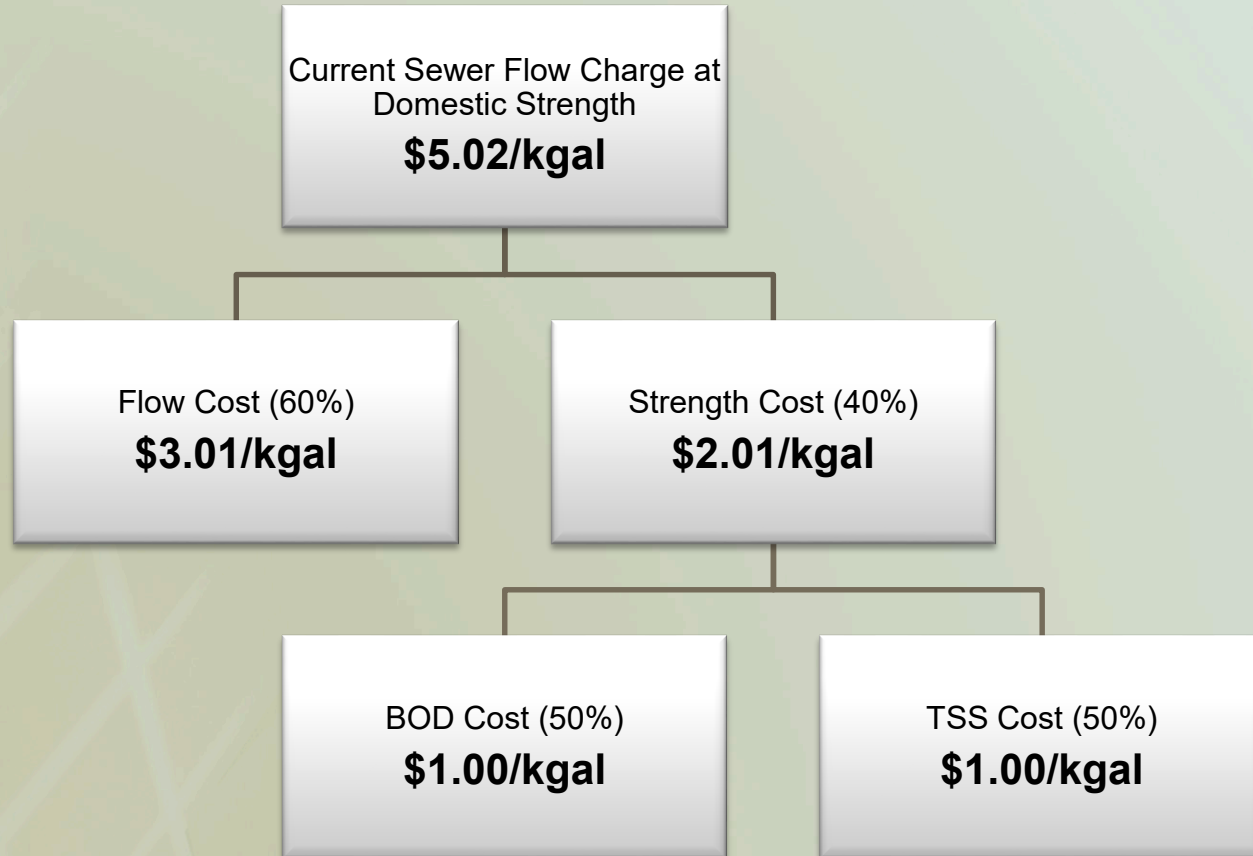
Industrial Customer Class



- Industrial
 - ✓ Fermentation Beverage Cluster
 - ✓ Industrial user with pretreatment that discharges maximum 300 mg/L BOD.
 - ✓ Fermentation beverage cluster with consumption less than 50,000 gallons per month (this threshold still under review).
 - ✓ Fermentation beverage cluster with consumption more than 50,000 gallons per month and pretreat (with side-streaming) to comply with limits of their Industrial Discharge Permit.
 - ✓ Sewer rate will be described in their Industrial Discharge Permit consistent with the rate methodology.



Proposed Rate Methodology



Proposed Rate Methodology



- Proposed volume rates (\$/1,000 gallons):
 - ✓ Residential \$5.02
 - ✓ Commercial I \$5.02
 - ✓ Commercial II \$9.10
 - ✓ Commercial III \$11.14

- Proposed volume rate (\$/1,000 gallons) plus extra strength charge (\$/pound):
 - ✓ Industrial (based on measured discharge flow):
 - Flow cost \$/1,000 gal \$3.01
 - BOD cost \$/pound \$0.55
 - TSS cost \$/pound \$0.55

Proposed Rate Methodology for Industrial Customers



- Currently there are 7 fermentation beverage cluster businesses that will make up the new Industrial customer class.
- Propose to charge based on their respective wastewater flow and either measured or estimated excess BOD contributions to the wastewater system.
 - ✓ Flow charge = \$3.01 per 1,000 gallons
 - ✓ BOD charge = \$0.55 per pound
- Industrial Discharge Permit required for all customers in this category with discharge limits and monitoring requirements.
- Sewer rate will be established for Industrial customers in their individual Industrial Discharge Permits.

Rate Implications of this Proposal



- This proposal does not change the single family residential or low strength commercial customer bi-monthly base or volume rate.
- Over 90% of the City's sewer customer base is Residential and Commercial I customers.
- Only Commercial II and III customers and Industrial customers will see rate increases commensurate with their strength of discharge.
- CSO Surcharge will not be impacted for any customer class.
- Proposed rate structure does not account for standard fiscal year rate analysis and associated rate adjustments.

No Changes to Residential and Commercial I Customers



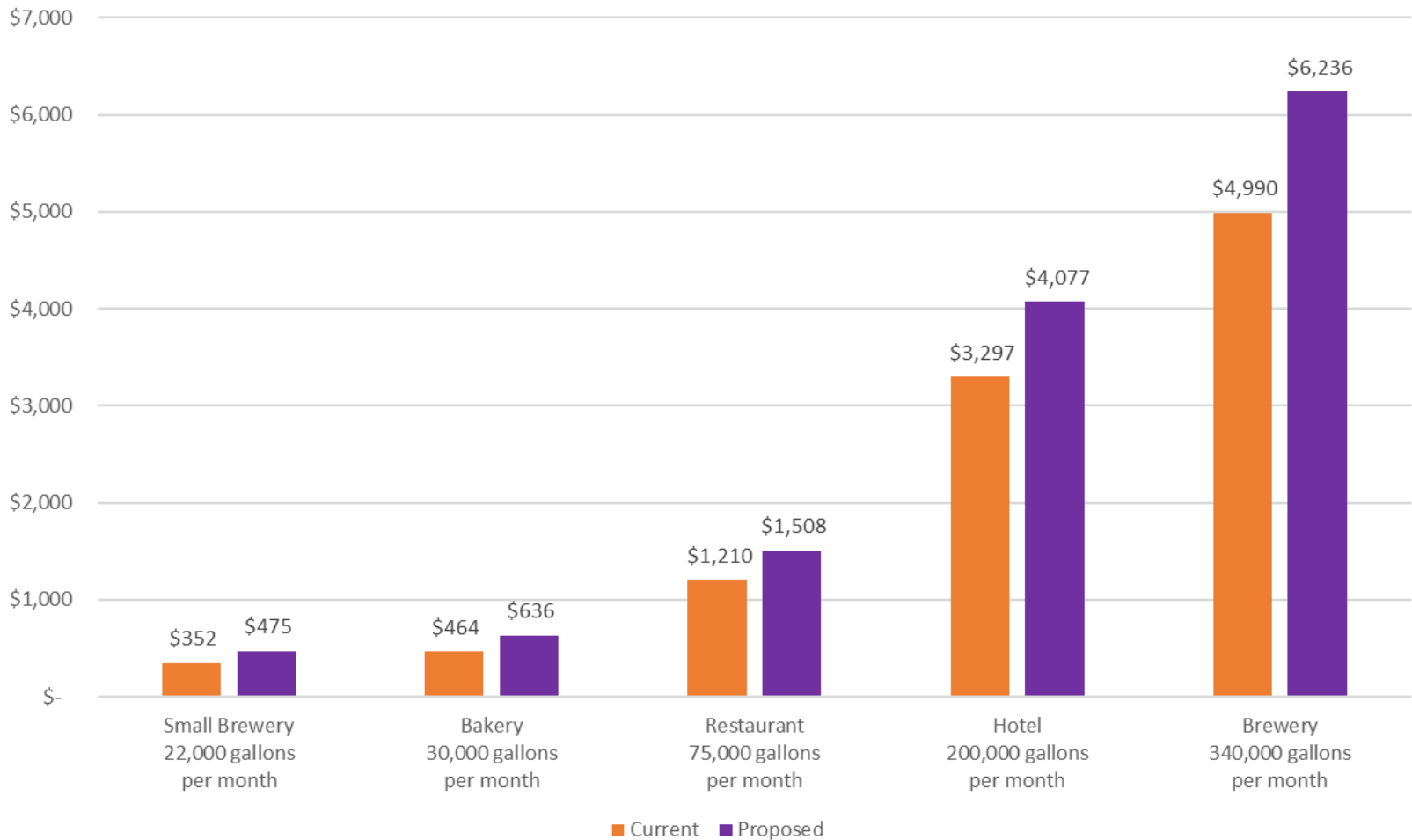
Residential and Commercial I Customers
Example Monthly Utility Charge



Anticipated Changes to Commercial II, Commercial III and Industrial Customers



Commercial II, Commercial III and Industrial Customers
Example Monthly Utility Charge



Proposed Implementation Timeline



- Jan 2022: Present Council with revised Sewer Resolution defining new customer classes and rates along with the Industrial Pretreatment Program documents
- Feb-Jun 2022: Finance Dept recode Industrial sewer customers
- July 1, 2022: Implement new sewer rates for Industrial customers
- Feb-Dec 2022: Inform Commercial II and III customers of upcoming sewer rate change
- Jun-Dec 2022: Public Works Dept support Finance Dept on recoding Commercial customers
- Jan 1, 2023: Implement new sewer rates for Commercial II and III customers

